

February 14, 2022

Notice Concerning Revision of Corporate Philosophy and Formulation of Medium-term Management Plan

Sansei Landic Co., Ltd announces that we have revised our corporate philosophy and formulated a medium-term management plan (2022-2024). Details are as follows.

1. Background to the revision of the corporate philosophy

Since our founding in 1976, we had set our corporate philosophy: "Self-development and self-creation through social contributions with its corporate activities." We have established such principles with a high degree of abstraction so that we can adapt to any business environment. However, the business environment surrounding us has changed dramatically in recent years, and we believe that the pace of change in the business environment will continue to accelerate rapidly in the future. In order to respond to the uncertain changes and achieve further sustainable growth, we need a corporate philosophy that is easy to understand both inside and outside the company, a set of values that everyone can resonate with, and as a guiding principle to help all employees' decision making. For this reason, we have decided to change our corporate philosophy, which we had previously positioned as our "corporate philosophy", "principle", and "vision", to a "mission", "vision", and "policy". This was set to clarify specific policies to ensure that not only our employees but also all of our stakeholders have a clear understanding of the direction we are aiming for.

2. Overview of corporate philosophy

Our new corporate philosophy: mission, vision and policy, is as follows.

● Mission

- Be a Trailblazer for connecting people and their future

Since our foundation, our group has grown by breaking through the established concept of real estate. We make the best use of the expertise we have cultivated to have connections with all over the world, and thereby eliminating the imbalances. We also pledge to be a company that delivers enrichment and affluence to society by sincerely addressing social issues such as disasters, aging population, poverty, and environmental problems.

● Vision

- Self-reliant and self-advancing

We strive to be a company with flexibility backed by strong will and independence, with a view to the future.

- Professional awareness

To fulfill our responsibilities, we enhance our expertise, meet all expectations, and work with pride. We realize Win-Win-Win relationships while maintaining the safety and security of all stakeholders.

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- Enjoy changes

We foster a flexible sensitivity that can adapt to any environment, and welcome the employees' courage to deny the status quo and take on positive challenges. We aim to be a company that is one step ahead of other companies by accepting all kinds of diversity.

- Policy

We will position "Moderation," "Austerity," and "Persistence," which have been our company principle, as our new policy.

- Moderation

Maintain well-balanced management in response to social changes

- Austerity

Create a streamlined company without the frills

- Persistence

Move forward with the power of 80% to perpetuate the company

3. Overview of the medium-term management plan

In order to carry out the above corporate philosophy, our group has formulated a new medium-term management plan for the period from FY12/22 to FY12/24.

Until 2019, we had achieved an average growth rate of over 10%. However, we have set conservative targets for 2024 and are focusing on initiatives for growth from 2025 onwards. This was attributable to the fact that we aim for qualitative enhancement from 2022 to 2024 as we have entered a leveling off period due to COVID-19. We have positioned the listing on the Prime Market in 2025 as a turning point for new growth. Looking ahead to 2025 and beyond, we will strengthen our financial base and accelerate new initiatives through upfront investment.

- Management Indicators

- In the final year of the plan, we have set a target value of profit by adding the accumulation of new businesses to the initial plan of operating income and ordinary income for FY12/20. Since this is the target that we should have achieved in FY12/20, and we would have been able to achieve it under normal circumstances, we will strive to achieve the target through new initiatives.
- Specific targets for management indicators are as follows.

(Unit: million yen)

	Results		Target	
	FY12/20	FY12/21	FY12/22	FY12/24
Operating income	847	1,117	1,301	1,800
Ordinary income	709	999	1,142	1,650
ROE	3.6%	6.0%	-	9.0%

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- Focused Measures
 - Strengthening the business foundation
 - Expansion of existing businesses
 - Expansion of business domain

*For details of the medium-term management plan, please refer to the attached materials.

(Note) The business forecasts and other forward-looking statements herein are also based on information available at the time of publication of this document. Actual results may differ from these forecasts due to various factors.



New Medium-Term Management Plan (2022-2024)

“Transformation to 2024”

**-Three years to realize restructuring
across the Company and build a bridge to future stable growth-**

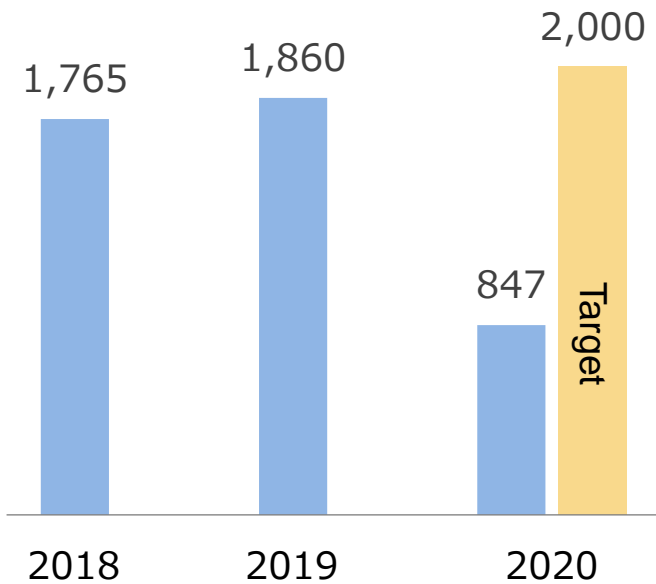
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Review of the Previous Medium-Term Management Plan (2018-2020)

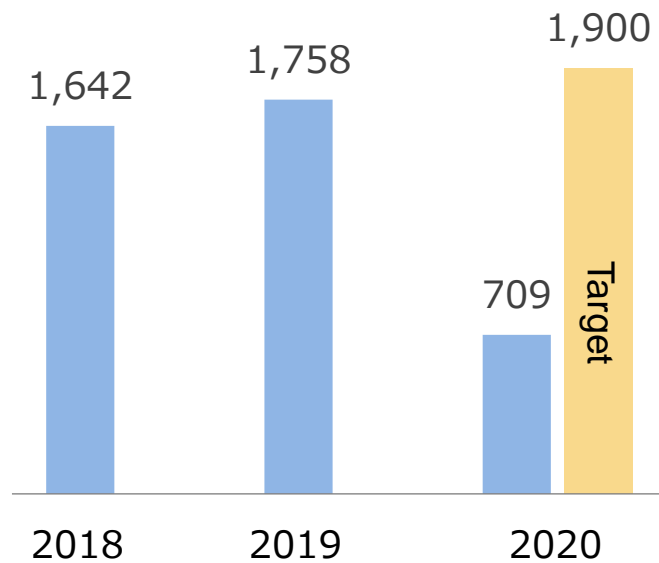


- ◆ We were experiencing a steady rise in performance until the second year of the medium-term management plan but was affected by the COVID-19 in the final year resulting in unachieved profit target and ROA target.

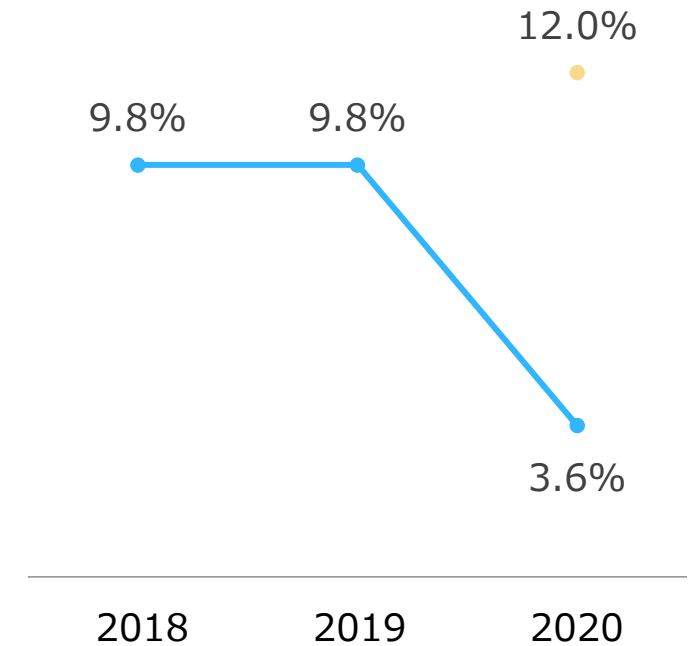
Operating income



Ordinary income



Consolidated ROA



Major results in three years

Growth

- Expanded examination object in the Regional redevelopment business and carried out detailed study.
- Terminated the Minpaku business due to the completion of rights adjustment but the Company will continue to conduct a study from the perspective of effective use of our assets.
- Newly launched operation of Motorbike parking business.
- Worked toward putting the subsidiary One's Life Home in the black and its performance significantly improved but could not turn positive.

Stability

- Success in strengthening marketing for major brokerage companies and local business operators led to increased number of our projects and purchases.
- Established Kyoto branch in 2018 and expanded business areas in Kansai.
- Actively holding seminars and strengthening marketing for financial institutions led to expanding information influx channel which contributed to increase in purchases.
- Raised funds of a total of 200 million yen using cash flows by 2021 and realized diversification of fund-raising.

Return

- Increased dividends for 7 consecutive years.
- Purchased our treasury stock in February 2021 for the first time.
- Established Sokochi-kun fund to support children's future.
- Increased employees' wages.
- Improved the working environment for employees including promotion of remote working and staggered work hours due to the spread of COVID-19.



External environment

Acceleration of trend toward nuclear families and declining birthrate and an aging population

Acceleration of population decline and depopulation of regional cities

Increase in natural disasters
Rising environmental awareness

Spread of COVID-19

Rapid progress in digital technology

Opportunity

- Increase in aged households
- Increase in sale of properties owned due to inheritance
- Increase in demand for regional revitalization
- Increase in vacancy rate
- Growing concerns over the issue of dense area with wooden houses
- Expanding needs of rights adjusting capability
- **Expanding demand for ESG**
- Diversification of the way employees work
- **Opportunity for business transformation**
- **Opportunity for business transformation**

Risk

- Increase in single households
- Increasing difficulty in consensus-building of residents
- Decrease in demand for purchasers of local properties
- Increase in disaster risk of properties owned
- **Substantially restricted operating activities**
- Negative impact on real estate market
- Decline in competitiveness due to delay in introduction of IT
- Sophistication of IT security measures

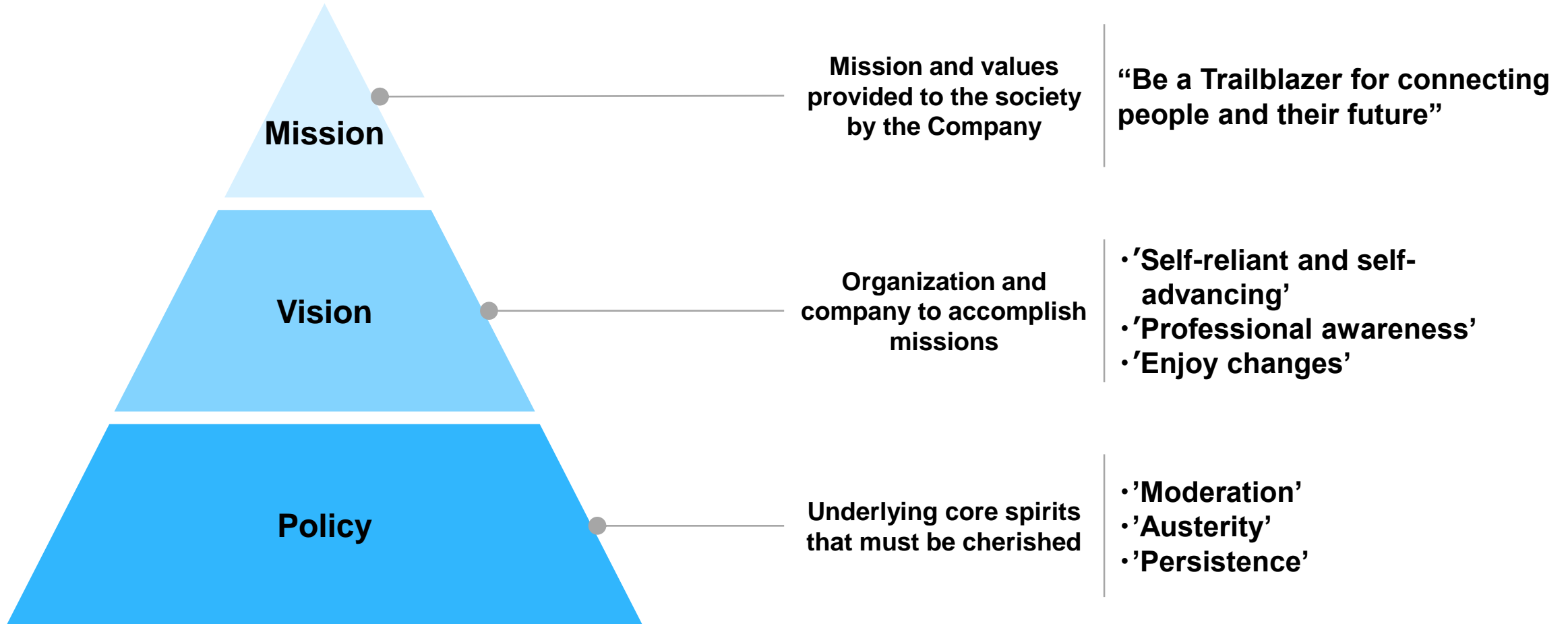


Leasehold land

- There are **about 873 thousand** leasehold lands across the country (from the Ministry of Internal Affairs and Communications statistical survey in 2018).
- The number of our Company's leasehold lands sold was **344/year** and net sales were 8,208 million yen (FY2021).
⇒ Large enough potential market .

Old utilized properties

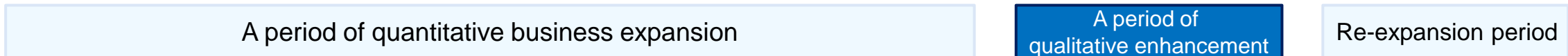
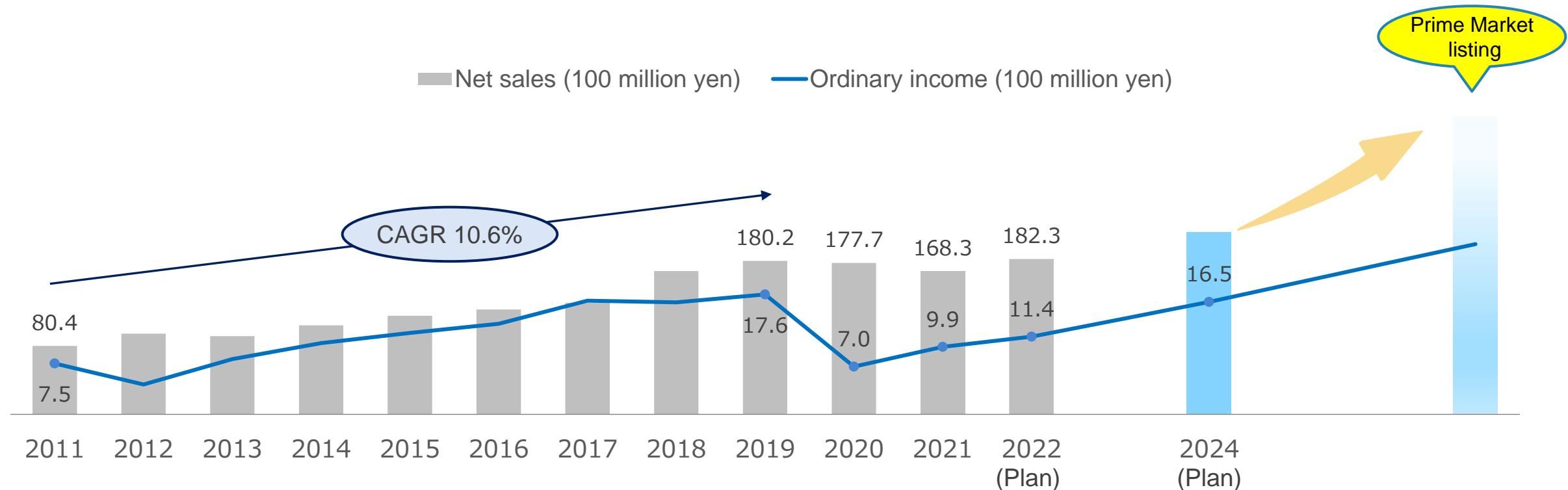
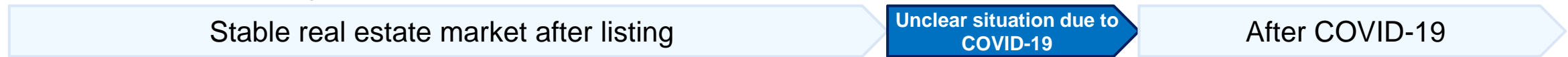
- There are **about 1.606 million** rented wooden houses that were built more than 30 years ago in the country (from the Ministry of Internal Affairs and Communications statistical survey in 2018).
- New housing starts for rent were **about 303 thousand units** (from the Ministry of Land, Infrastructure, Transport and Tourism survey in 2020).
- The number of our Company's old utilized properties sold was **57/year** and net sales were 6,083 million yen (FY2021).
⇒ Large enough potential market as is the case with leasehold lands.



Positioning of the New Medium-Term Management Plan



- ◆ Achieved a growth rate of over 10% on average until 2019. As the situation of the economy is unclear due to the COVID-19, 2022-24 will be a period aimed at qualitative enhancement, and the target of 2024 will be set conservatively. We will focus on efforts toward growth aiming to be listed on the Prime Market in 2025 or after.
- ◆ Toward listing on the Prime Market, it will be a turning point for a new phase of growth by strengthening the financial basis and accelerating new initiatives by making investments.



Medium-Term Management Plan: Consolidated Profit Target



- ◆ In the final year of the plan, we set the profit adding new business sales to operating income and ordinary income as a target which was our initial plan for FY12/20.
- ◆ As the target was supposed to be achieved in FY12/20, it can be accomplished if we make efforts as usual but we will make the target achievement certain by implementing new initiatives.

(Unit: Million yen)

<Numerical plan>	Results		Plan	Medium-term management plan
	FY12/20	FY12/21	FY12/22	FY12/24
Operating income	847	1,117	1,301	1,800
Ordinary income	709	999	1,142	1,650

Build a solid business foundation that can realize a stable business growth even after the COVID-19 ends.

Expansion of existing businesses

- Strengthening of organizational capability
- Creation of opportunity for business expansion due to the promotion of new initiatives
- Human resources development

Expansion of business domain

- Efforts toward new businesses
- Implementation of M&As and alliances

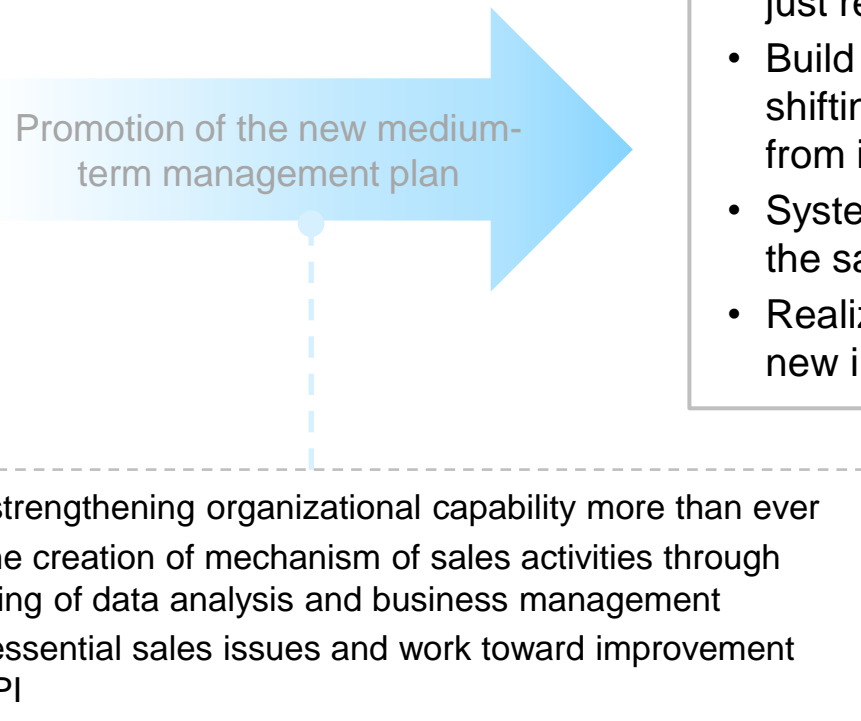
Strengthening of management base

- Strengthening of governance system
- Review of back-office capable of responding to organizational growth
- Strengthening of financial foundation
- Personnel reform

Previous organizational structure

- Scale expansion due to increase in personnel
- The Company's sales capabilities tend to depend on the ability of individual sales staff
- Issues of process accumulated in the course of focusing on results

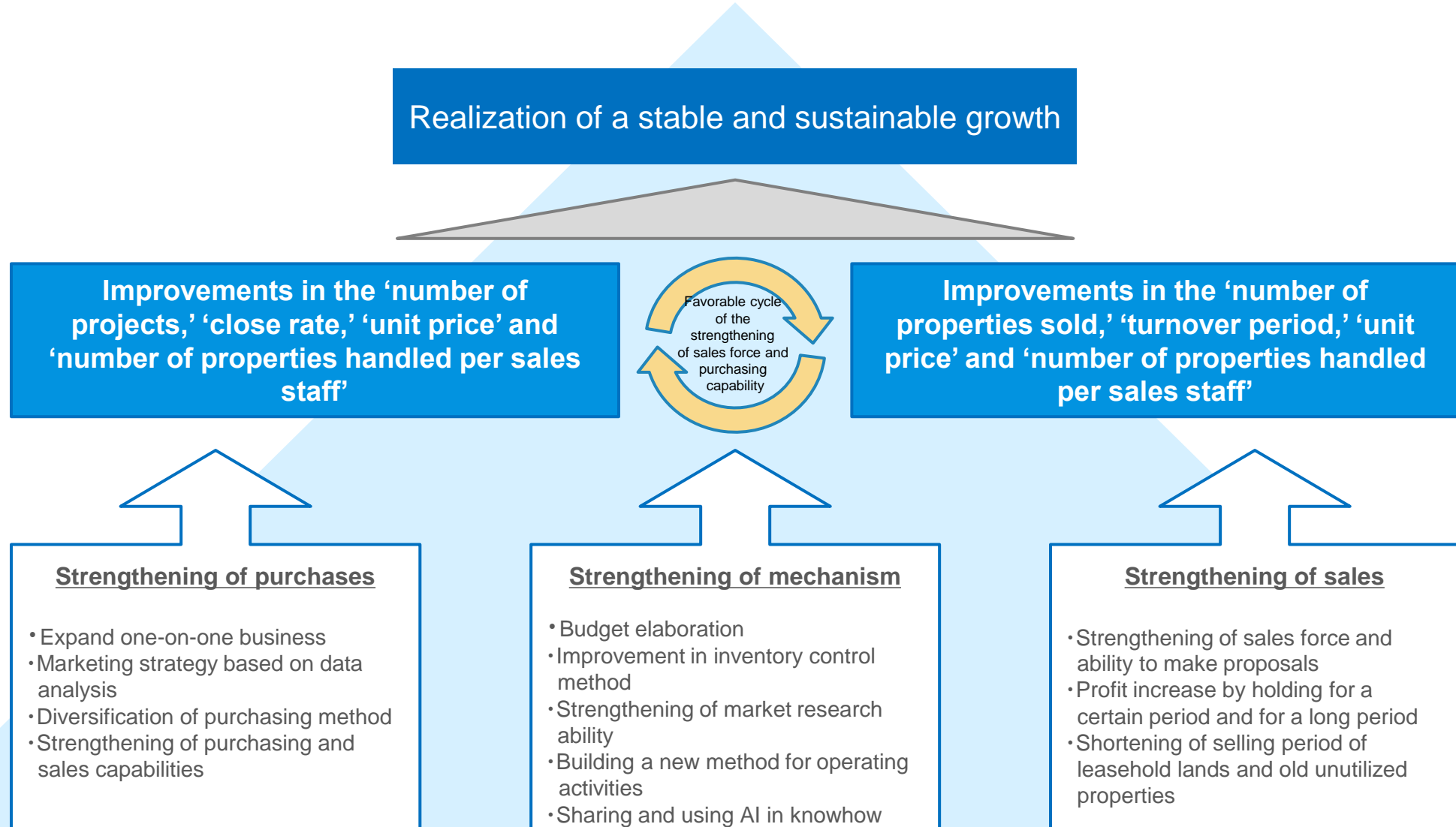
Promotion of the new medium-term management plan



Organizational structure following the new medium-term management plan

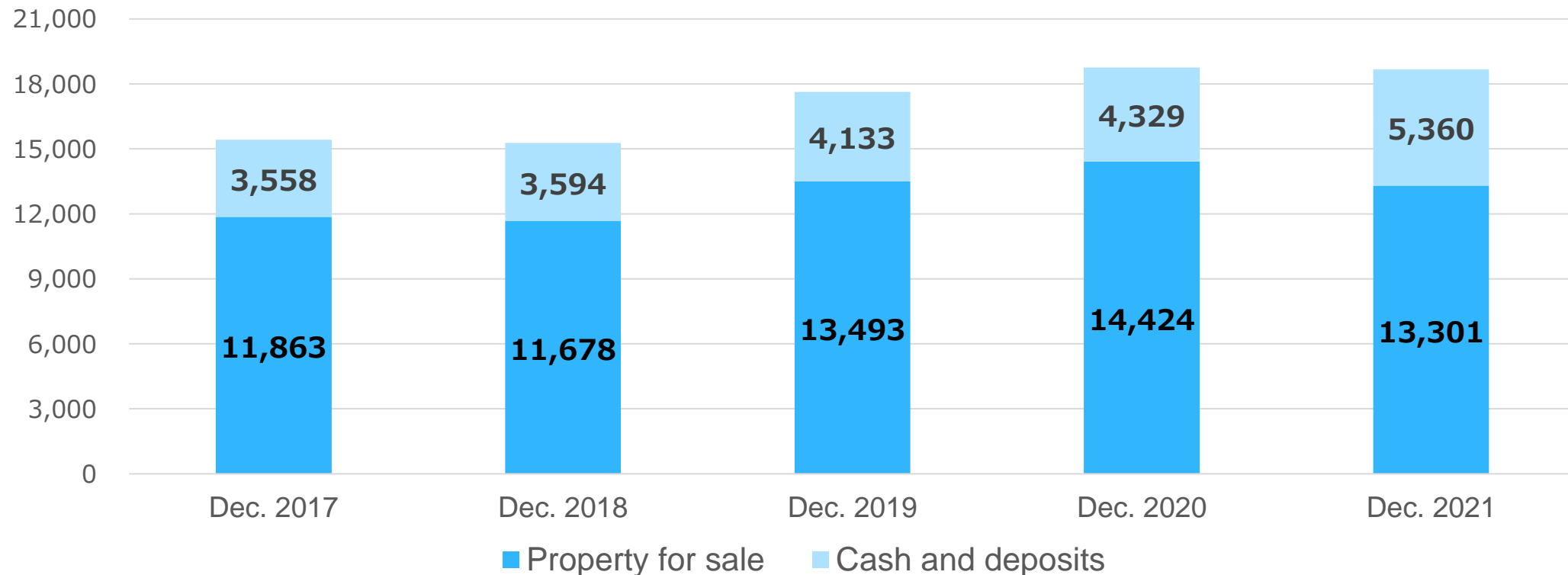
- Realize a sequential growth without just relying on increase in personnel
- Build a stable operating base by shifting to organizational-driven from individual-driven
- System capable of solving issues in the sales department
- Realize dramatic growth through new initiatives

- Focus on strengthening organizational capability more than ever
- Promote the creation of mechanism of sales activities through strengthening of data analysis and business management
- Deal with essential sales issues and work toward improvement in major KPI



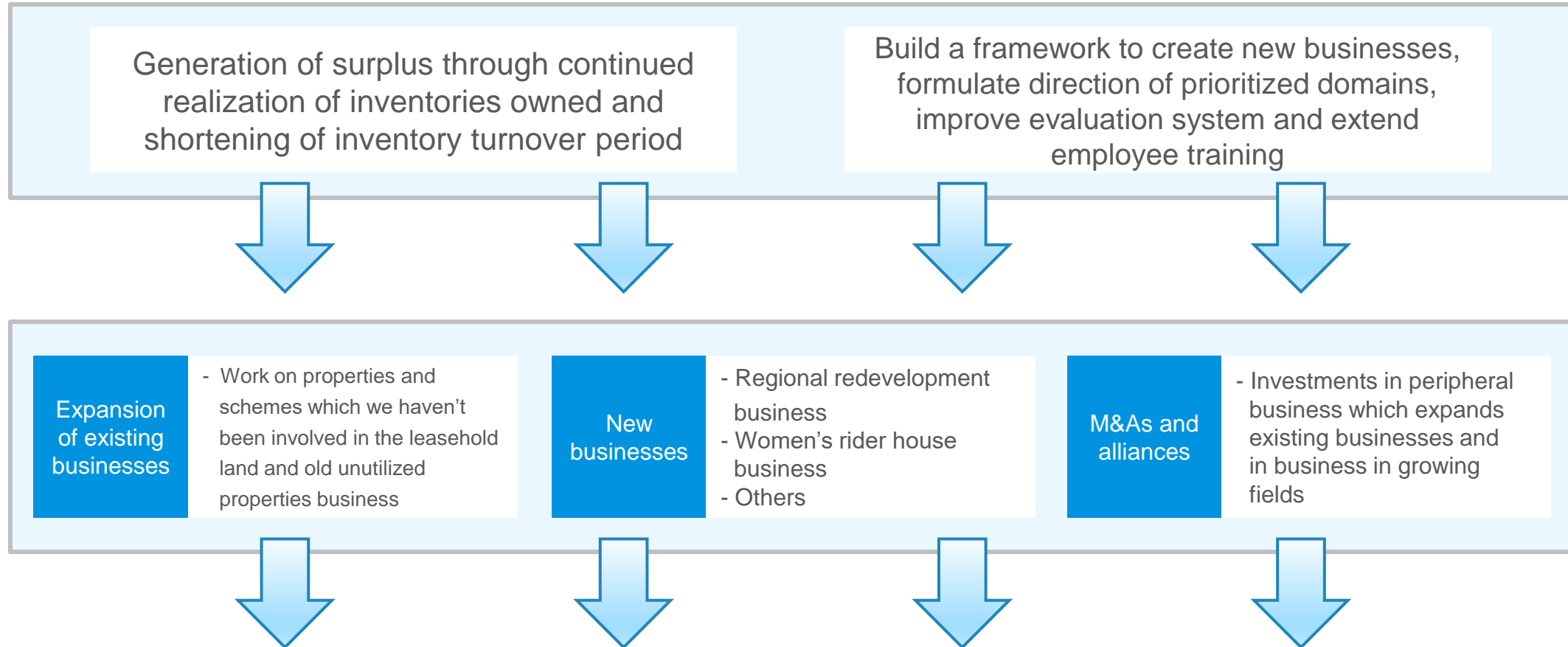
Changes in property for sale and cash and deposits

(Unit: Million yen)



⇒ Cash generated by actively realizing assets owned and improving inventory turnover rate were actively invested in new businesses.

Expansion of Business Domain: New Businesses



We will invest a **total of 1 billion yen** in the new business domain by 2024 aiming for a gross margin of **100 million yen**. We will not limit to developing business by ourselves but will also actively use M&As and alliances.

1. Business purposes

- ① Revitalization of inns gathered in the Hachimantai Onsenkyo
- ② Revitalization of tourism in the Hachimantai Onsenkyo (aim to be certified as first 'Hospitalita Diffusa (entire region is a hotel)' in Japan)

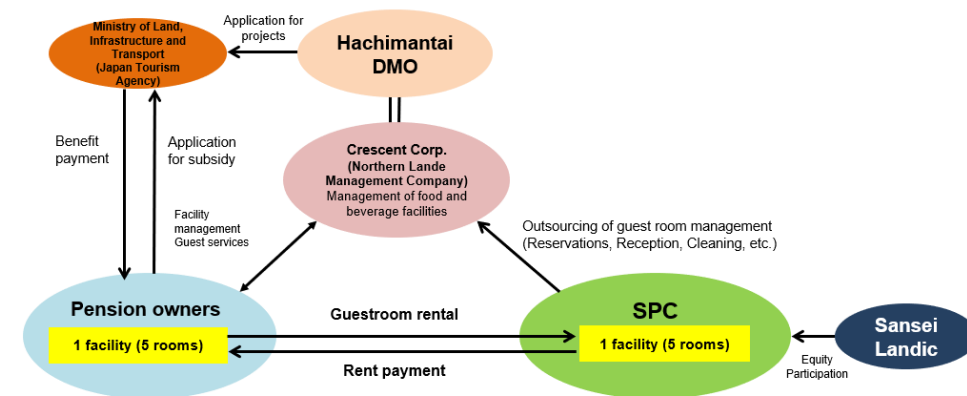
2. Business background

- ① Aging of owners of inns
- ② No successors to inns
- ③ No eating and drinking facilities and interaction base within the area

3. Business scheme (Our company's major role)

- ① Establishment of SPC (operating body)
(Hachimantai Tourism Revitalization Limited Liability Company: 100% owed by our Company)
- ② Provide funding to owners of inns for renovations (provide as prepaid rent)
- ③ Operate business by renting rooms at inns

4. Diagram of a business scheme for the Hachimantai Tourism Revitalization Project



Other surrounding inns are also planning to participate in the business

5. Future development

- ① Launch of business
Established Hachimantai Tourism Revitalization Limited Liability Company in December 2021
- ② Expand to surrounding inns and vacant vacation houses
⇒ Promotion of revitalization of tourism to the Hachimantai Onsenkyo
- ③ Regional contribution by providing our Company's rights adjustment services including solving problems which require property rights adjustment related to inheritance and future business expansion to other regions using the project as a model case



Expansion of Business Domain: Regional Revitalization Business



Creation of business value
(value generated through effective use of properties)

Develop business with new ideas incorporating 'houses, townscapes and landscapes, etc. which we want to leave for posterity' as well as pursuing revenues.



2021
Expanded information on the project

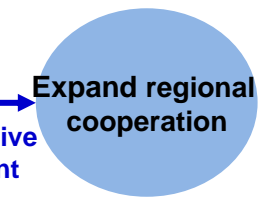
2022
Expansion of business partners

2023
Secure and increase operating revenue

↓
Expansion of investment project

↓
Expansion of business partners including co-sponsors and subcontractors of operating business

↓
Secure and increase operating revenue by raising values of investment destination



→ **Expansion of investment target** (regions, business category, etc.)

→ **Quantitative and qualitative expansion of investment destination**

↓ **Improvement in investment efficiency through SPC**

↓ **Expansion of SPC investors, etc.**

- [Promote operationalization of specific projects]**
- ① Hachimantai Revitalization Project (revitalization of inns)
 - ② Project using old samurai residences and vacant houses in Kyushu region
 - ③ Project using registered cultural properties and vacant merchant family houses in the Kinki region

- [Business goals]**
- ① Amount invested by the Company per project: 50 million yen to 100 million yen
 - ② Number of projects in review: Aim for 5 to 10 projects a year
 - ③ Number of operationalization: About 2 projects a year
 - ④ Target yield 8 – 15%





Improvement in profitability

Achievement of profitability at an early stage

- Improvement in the number of orders received
- Improvement in profit margin
- Review of cost structure

Improvement of customer satisfaction

- Implement efforts toward improving customer satisfaction on a company-wide basis

Strengthening of governance

Review of business process

- Improvement in in-house construction process
- Strict selection method of new traders

Efforts regarding the prevention of illicit trading between traders

- Keep traders informed
- Regularly confirm the balance with traders

⇒Review the pros and cons of mergers by strengthening One's Life Home's governance system



Strengthening of Management Base

Strengthening of
governance system



Strengthening of governance system in the entire Group

- Continue to strengthen governance system in the entire Group
- Promote visualization in the entire Group

Review back-office
system



Efficiency of back-office system focusing on growth

- Promotion of visualization and digitalization of business flow
- Review of business process focusing on future growth and IT system structure involved

Strengthening of
financial foundation



Aggressive investment in new business and maintenance of balance of financial soundness

- Aggressive investment in domains other than the existing businesses
- Continuous promotion of active cashing of properties owned

Personnel reform



Sales reform and recruitment and fostering of human resources necessary for future growth

- Recruitment of qualified human resources from outside
- Training and fostering of in-house human resources



Three pillars of shareholders, society and return to employees

■ Shareholder return

- We have been increasing dividends for 8 consecutive periods and we will continue doing so according to increase in profit.
- Aim to maintain the level of DOE of 2.0% in the final year of the medium-term management plan in 2024.
- Use the acquisition of treasury stock to return profits to shareholders and to improve capital efficiency.

■ Return to society

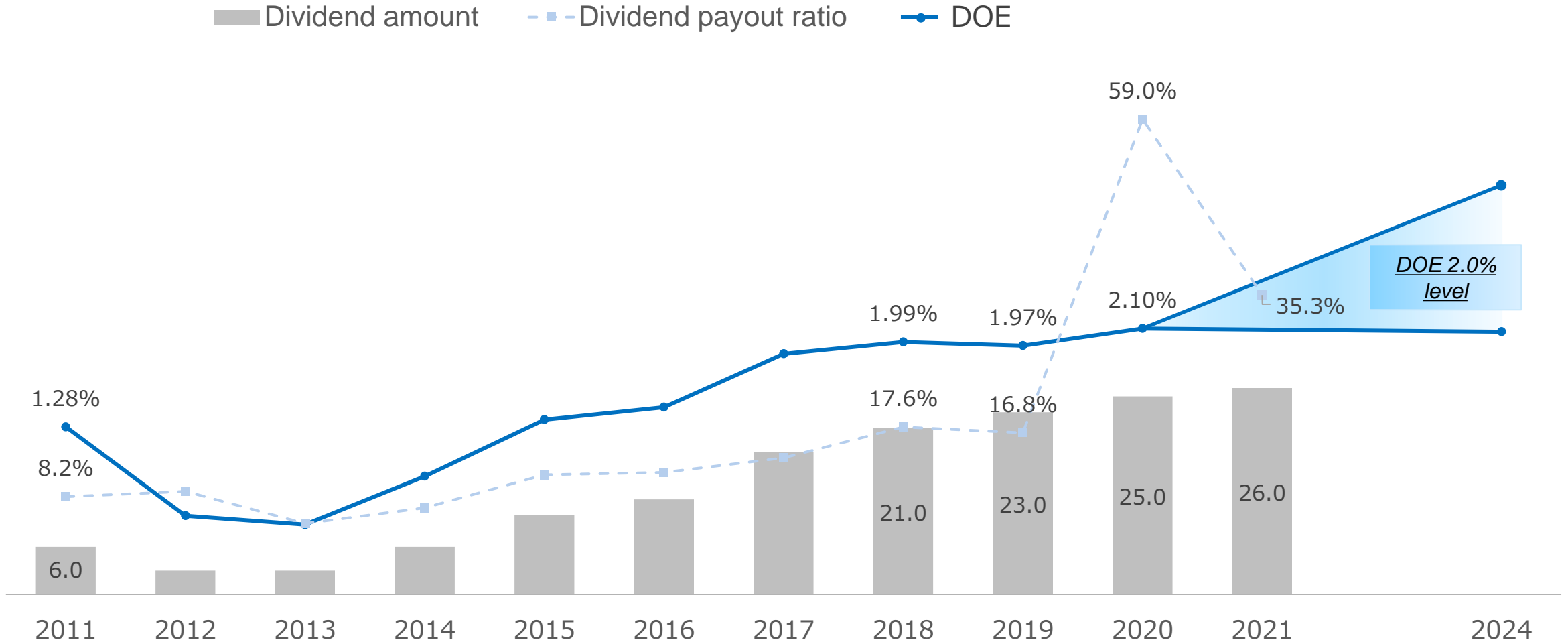
- Promotion of ESG activities.

■ Return to employees

- Improve working conditions including increase in wages.
- Further improvement of the working environment for employees including remote working and staggered working hours.
- Increase company holidays (increase 3 days of paid holidays in 2022).



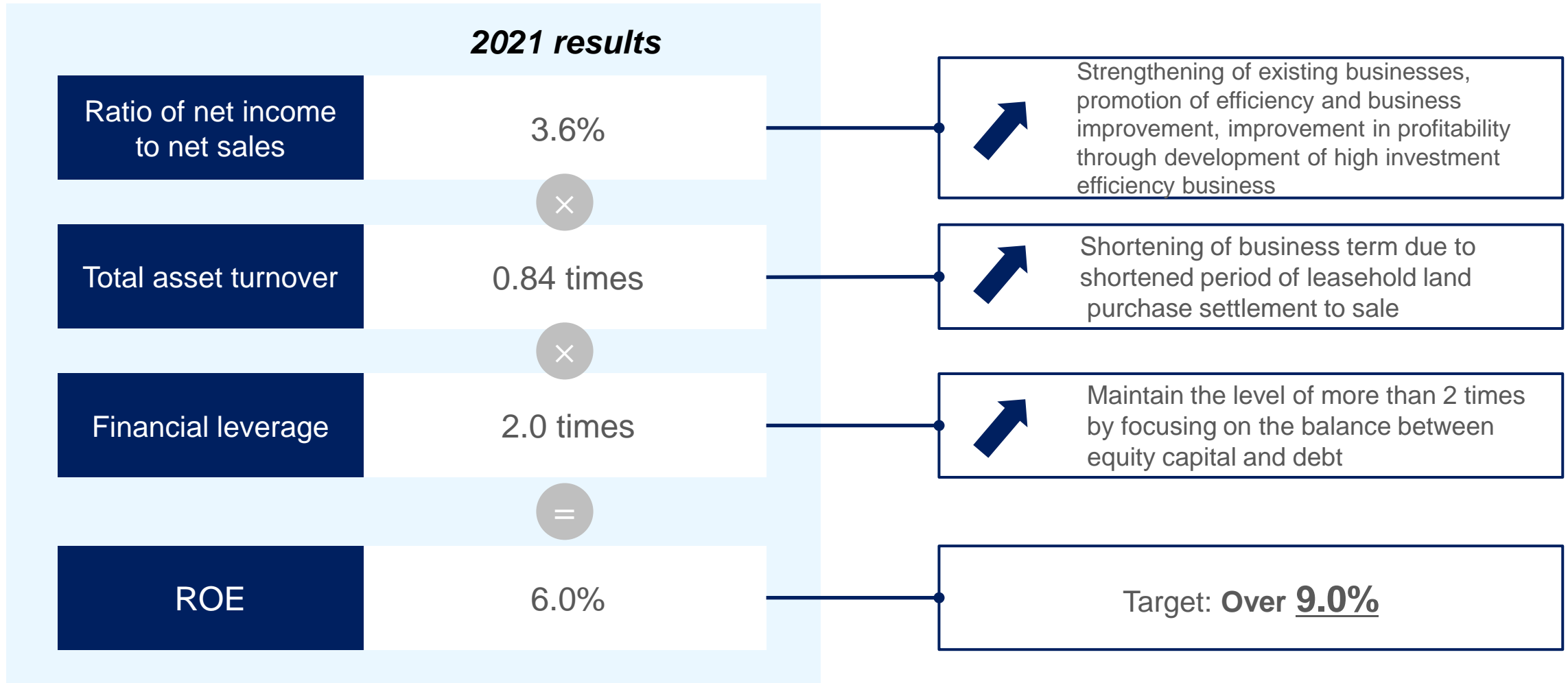
Dividend Policy





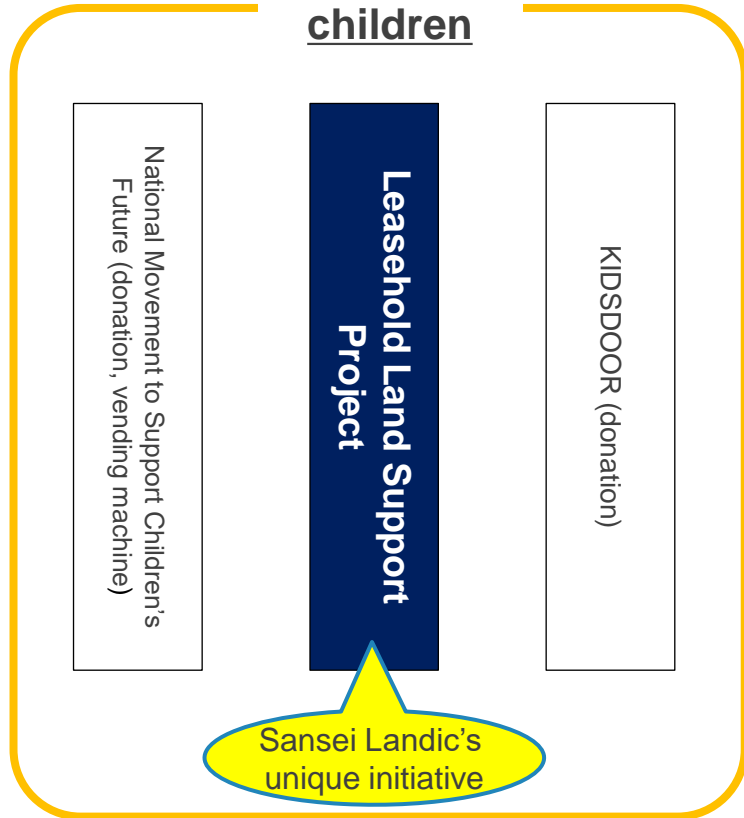
ROE Policy

- ◆ We have been setting ROA as our management index but we newly adopted ROE as a management index which is even more easier for investors to understand considering the financial soundness and as it is consistent with the direction we are aiming for.

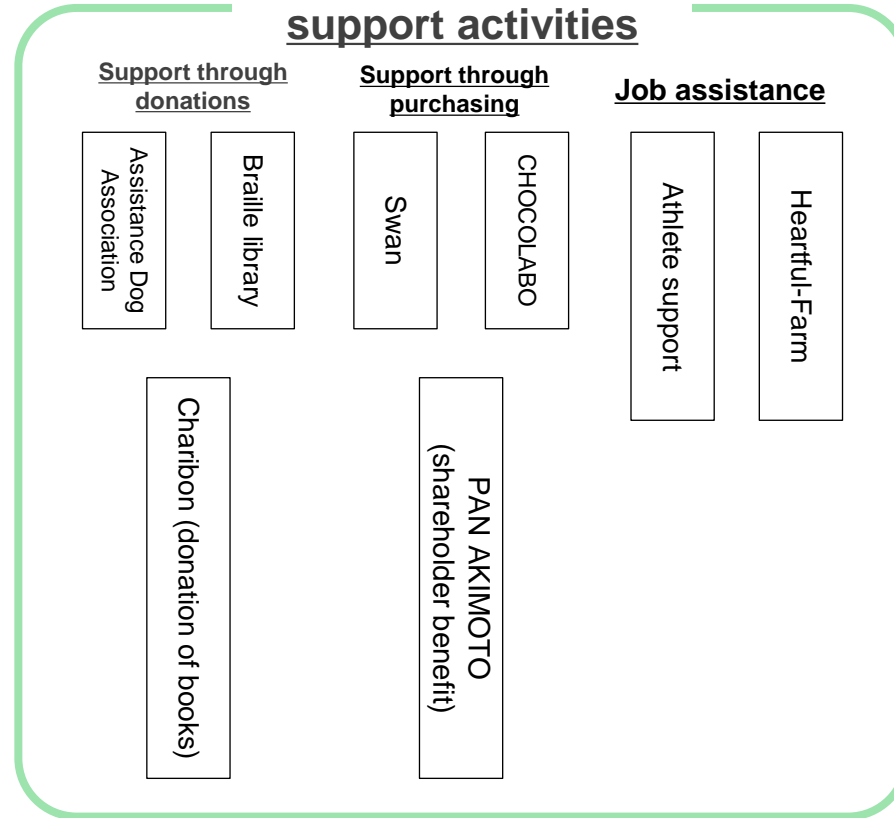


Sansei Support Project

Support for children



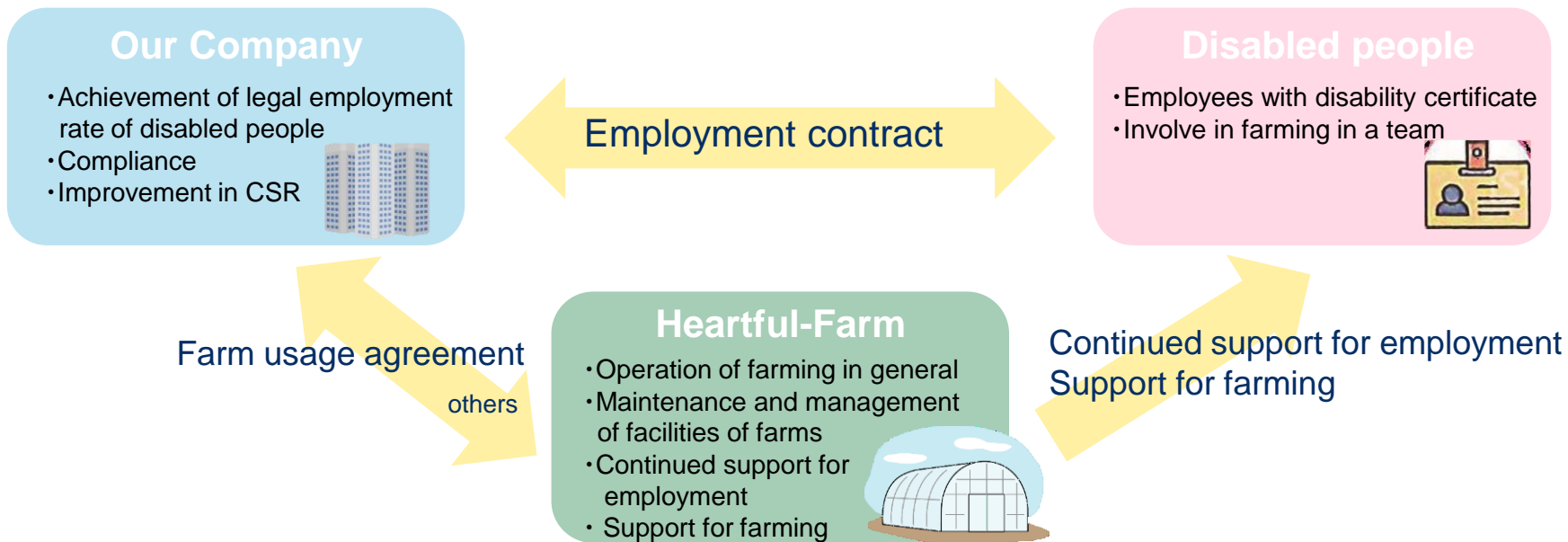
Social welfare support activities



What Leasehold Land Support Project is...

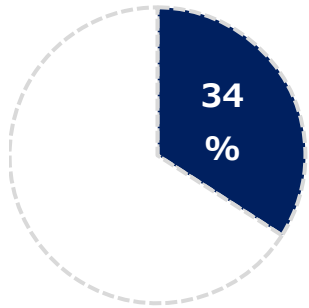
- Recently, as we often hear sad news of abuse of children by their parents, the project was launched with the idea that there is something we can contribute to children who can support Japan and become Sansei Landic employees or customers in the future.
- A system in which an additional donation is added to a portion of the profits we have made by selling the leasehold lands to the leaseholders, and the money is returned to society as a source of donations for the purpose of contributing to society.
- The aim is to expand the circle of social contribution by fostering an awareness of employee participation in social contribution by using the profits from sales activities of sales staff as a resource, and by encouraging the indirect participation of leaseholders as well.

Efforts toward ESG: Heartful-Farm

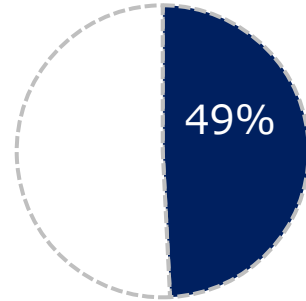


⇒ Fall into 8 items out of 17 SDGs items

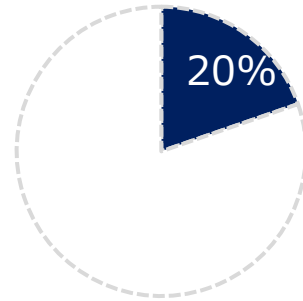
Female employee ratio



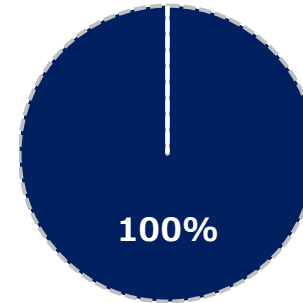
Ratio of female employees in chief



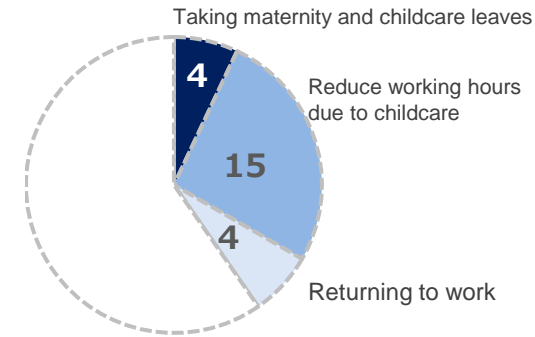
Ratio of female employees in managerial post



Ratio of female employees returning to work following maternity and childcare leaves










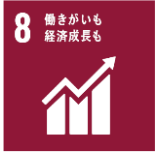





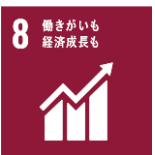

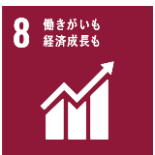

No. of female employees taking advantage of the systems (no. of female employees at end of 2021: 57 employees)



We have been promoting company structure and system for the female employees to be able to actively participate in work such as childcare support and we will further improve the working environment for them.



(Reference) Efforts toward ESG

Our priority theme	Important issues	Related SDGs	Specific efforts
Support for children who bear the future society	<ul style="list-style-type: none"> •Securing of living environment and educational opportunity necessary for the healthy growth of children who face abuse and poverty issues, etc. 	  	<ul style="list-style-type: none"> •Leasehold Land Support Project •Support through donation to the National Movement to Support Children's Future and support by purchasing through donation-type vending machines •Donation to the incorporated non-profit organization KIDSDOOR •Donation to Charibon
Social welfare support activities	<ul style="list-style-type: none"> •Support disabled people's independence and social involvement •Support disabled people's daily lives •Train and spread of assistance dogs (guide dogs, hearing dogs, service dogs), etc. 	       	<ul style="list-style-type: none"> •Donation to Guide Dog & Service Dog & Hearing Dog Association of Japan •Donation to Charibon •Donation to the Japan Braille Library •Support through purchasing at Swan Co., Ltd. •Support through purchasing at CHOCOLABO •Support for activities of disabled athletes •Participation in Heartful-Farm
Improve employees' wellness	<ul style="list-style-type: none"> •Promote active participation of diverse human resources •Improvement of working environment 	  	<ul style="list-style-type: none"> •Promotion of active participation of women •Enrichment of childcare support •Promotion of remote work and staggered work shift, etc. toward improvement in work-life balance
Regional and social service activities	<ul style="list-style-type: none"> •Global hunger problem •Issues of dense area with wooden houses and vacant houses •Increase in natural disasters •Revitalization of local economy 	  	<ul style="list-style-type: none"> •Tin of PAN AKIMOTO products (shareholder benefit) •Resolution of issues of dense area with wooden houses and old earthquake-resistant properties due to rights adjustment business •Participation in regional redevelopment business

*1: Regarding the donation-type vending machines, the Company pays 30 yen per drink, of which 20 yen is discounted as part of employees' welfare benefits and of which 10 yen is donated to the fund to support children's future.

*2: Support by purchasing breads of Swan Co., Ltd. which was established by the late Mr. Masao Ogura, founder of Yamato Transport, to support disabled people's independence and social involvement.

*3: Support by purchasing products of CHOCOLABO, which aims to support disabled people's independence, as refreshments and gifts, etc. for visitors and customers at our head office and branches.



- The statements including perspectives on our group, plans, policies, strategies, schedules and judgements that are not facts in this material are forward-looking statements about the future performance.
- Forward-looking statements about the future performance are based on information currently available and certain assumptions that our group believes to be reasonable. Actual results may differ significantly from the forward-looking statements due to various risk factors and uncertainties. Please do not place undue reliance on these forward-looking statements.
- The data in this material contains quotations of public information that we believe to be reliable and accurate, but we do not guarantee the accuracy or certainty of the contents.

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